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Kazakhstan, Republic of

Product Brief

Frozen Poultry

2000

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Report Highlights:

Although domestic poultry production is rebounding, Kazakhstan remains an important market for U.S. frozen poultry thanks to a stronger economy and increasing consumer demand.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
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Table of Contents

I. MARKET SUMMARY	2
II. MARKET ACCESS	3
III. CONSUMPTION TRENDS	3
IV. COMPETITION	4
V. PACKAGING and LABELING REQUIREMENTS	5
VI POST CONTACT	6

[Note: This report was prepared by the USDA's Foreign Agricultural Service office in Almaty to provide information to U.S. exporters to facilitate sales and promotional efforts in Kazakhstan. The data in this report were collected from local trade and government sources and are not necessarily official U.S. Department of Agriculture (USDA) data. This information is in the public domain and may be reprinted without permission. Use of commercial or trade names does not imply approval nor constitute endorsement by USDA/FAS. Exporters should take normal commercial precautions when dealing with potential importers.]

I. SUMMARY

Kazakhstan's 60,000-MT market for poultry and products continues to offer opportunities for U.S. exporters. Although domestic poultry production is increasing after years of stagnation, the lack of high protein feed and poor genetics are expected to remain major constraints to increased production. As a result, despite complex customs procedures and high transportation and customs tariffs, import demand is expected to remain strong for the foreseeable future. U.S. chicken leg quarters (CLQ), which comprise about 85 percent of total poultry meat imports, are expected to remain very popular due to their value and quality.

<i>Advantages</i>	<i>Challenges</i>
Due to production inefficiencies, Kazakhstan's poultry market depends on imported poultry meat and products.	Tariffs, labeling requirements and inspection procedures can be complex and inconsistent.
U.S. poultry is very competitive on quality and prices.	The Kazakhstan's market is still price driven, and price is determining factor for the local population.
U.S. suppliers have a reputation for being reliable suppliers of high quality poultry products.	Locally produced fresh whole chicken are preferred to the frozen product.
The GSM-102 and Supplier Credit Guarantee Program (SCGP) make U.S. poultry meat more attractive for local importers.	Small shipments are unprofitable due to high cost of transportation.

II. MARKET ACCESS

- As with other commodities, the importation of poultry meat is complicated by a large number of regulations.
- Labeling requirements: all labels and any signs must be translated into Russian and Kazakh.
- Customs duties are calculated according to the CIF value or the weight of imported product, as follows:
 - - Poultry meat, fresh, chilled or frozen 20%, but not less than 0.15 Euros per kilo.
 - - Poultry by-products chilled or frozen 15%, but not less than 0.15 Euros per kilo.

- Value added tax (VAT) equals 10 % of CIF value plus customs tariffs.
- The custom processing fee is 0.2 percent of CIF value.
- The following documents are required to ship poultry meat to Kazakhstan:

Commercial invoice – A single document, which describes the entire transaction from start to finish. It is also the primary shipping document used by Kazakhstani customs officials for merchandise control and valuation. It should clearly state the terms of payment, designate the exporter and the buyer, provide the purchase order number, the importer's licence number, and the total price of the merchandise, as well as other details essential for completion of the shipping transaction between the exporter and the importer. For shipments to Kazakhstan, the commercial invoice should also contain information on the Kazakhstani bank that will process the transaction payment. Make at least three certified copies, with original stamps and signatures.

Marine Bill of Lading and Air Waybill – Issued by the carrier who takes charge of the merchandise, generally a steamship or an airline company.

Certificate of origin – Used to determine if the merchandise was manufactured in the United States. The certificate of origin should be prepared by the exporter or the freight forwarder and signed by an officer of the exporting firm. It also needs to be notarized by the exporter's local Chamber of Commerce. Again, at least three copies of the document, bearing original stamps and signatures, are required to meet Kazakhstan's customs requirements.

Veterinarian Certificate – Issued by Veterinarian Inspection of exporting counties with original stamp and signature of veterinary inspector. On the basis of this certificate, Kazakhstani Veterinarian inspection will issue a permit to import.

Export Packing List – Provides a detailed summary of the shipment, including the weight and dimension of the shipment, and the number of packages. The packing list should also indicate the contract and import license numbers along with the shipper's and buyer's references. Several copies of the packing list should be made and, preferably, translated into Russian together with any special handling information.

III. TRENDS IN CONSUMPTION

- Annual poultry meat consumption has been stagnant at an estimated 60,000 MT or about 3.5 kilograms per person.
- Major sales outlets include supermarkets, street kiosks and restaurants.
- Processed poultry consumption comprises less than 5 percent of the total market.

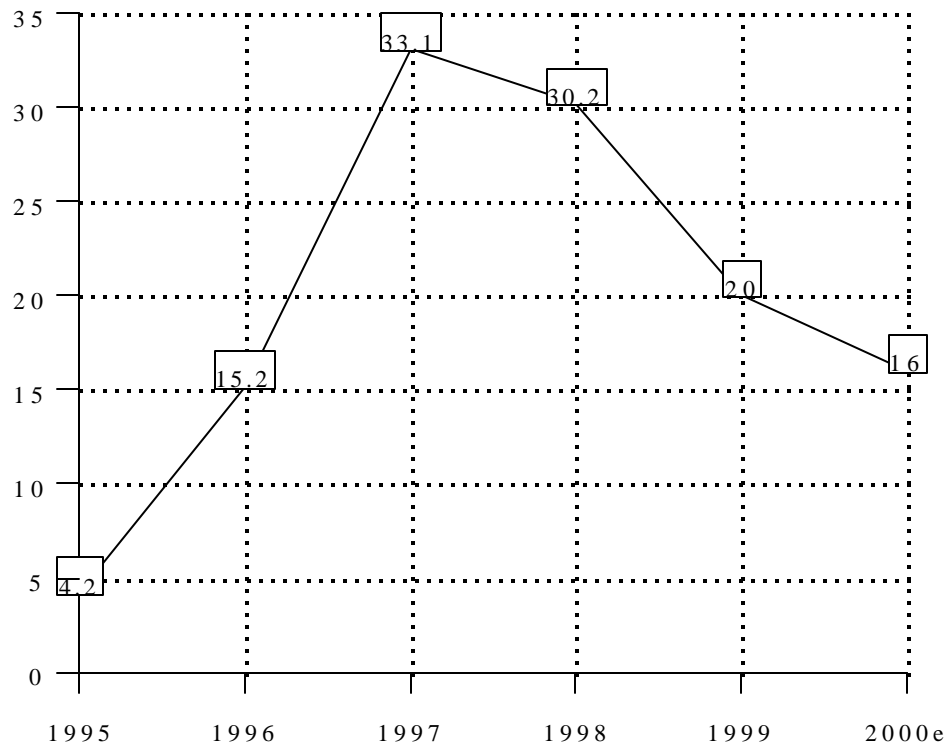
IV. COMPETITION

- U.S. poultry remains very competitive. U.S. chicken leg quarters, imported either directly or indirectly, comprise 85 percent of the import market. The remaining 15 percent of imports consist of whole birds (mainly from Europe) or parts (Mainly from the Russian Federation).
- Imports have decreased more than 50 percent during the past two years due to the steep devaluation of the 'tenge' and the economic downturn. Although the economy is strengthening, competition from domestic production is increasing.
- Since independence, domestic production has fallen from an estimated 139,000 MT to 24,000 MT, with slight growth recorded since 1998. Foreign and domestic investments are responsible for most of the recent gains in production. For example, the European Bank for Reconstruction and Development has invested in Ust-Kamenokorsk poultry farm and increased poultry meat output from 3,000 MT in 1998 to 11,000 in 2000.
- Poultry meat production is limited by lack of high protein feed for broilers and poor genetics. For instance, feed ration for broilers use up to 90 percent of barley, wheat and oats. Kazakhstan does not produce soybeans or fish meal.

POULTRY MEAT PRODUCTION ('000 MT)



POULTRY MEAT IMPORTS ('000 MT)



V. PACKAGING AND LABEL REQUIREMENTS

- Imported chicken leg quarters usually are packed in polyethylene in a cardboard box, which is convenient for both shipping and distribution.
- Retailers prefer to buy frozen CLQ in boxes of 15-to-18 kilograms.
- All labels must be translated into Kazakh and Russian.

VI. PRICES

- The price of poultry meat depends on season, currency exchange rate, custom tariffs, taxes, export-import regulations and other factors. The current price for the U.S. chicken legs quarters is about \$750-770 per MT CIF Baltics
- Handling and transportation from the Baltic port to Kazakhstan is about \$200 per MT.

- The retail price in Kazakhstan for U.S. CLQ is \$1.17 per kilo, compared to domestic whole chickens, which retail for about \$1.35-1.40 per kilo.

VII. POST CONTACT

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